

HOUSE BILL 84

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Q4

2004 Regular Session
4r0338

(PRE-FILED)

By: **Delegate Ross**

Requested: July 21, 2003

Introduced and read first time: January 14, 2004

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Sales and Use Tax - Taxation of Luxury Services**

3 FOR the purpose of altering the definition of "taxable service" under the sales and use
4 tax to impose the tax on certain services; and generally relating to the sales and
5 use taxation of certain services.

6 BY repealing and reenacting, with amendments,
7 Article - Tax - General
8 Section 11-101(k)
9 Annotated Code of Maryland
10 (1997 Replacement Volume and 2003 Supplement)

11 **Preamble**

12 WHEREAS, The Maryland's sales tax, which is predominantly based on the sale
13 of tangible goods, has failed to keep pace with the growth of personal consumption
14 and the consumption of services in the State and across the nation has surpassed the
15 consumption of tangible goods in the State and the nation; and

16 WHEREAS, The sales and use tax is a tax on consumption and there is no
17 economic basis for the difference in tax treatment of tangible goods and services; and

18 WHEREAS, By not including the consumption of services in the sales and use
19 tax base, states, including Maryland, have been forced to raise the sales tax rate
20 numerous times in order to achieve necessary revenue; and

21 WHEREAS, Maryland already taxes several services and five other states tax a
22 majority of retail services; and

23 WHEREAS, The failure to include the consumption of services in the State's
24 sales and use tax base will erode the long-term future of the sales and use tax as a
25 stable source of revenue; now, therefore,

26 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
27 MARYLAND, That the Laws of Maryland read as follows:

1 **Article - Tax - General**

2 11-101.

3 (k) "Taxable service" means:

4 (1) fabrication, printing, or production of tangible personal property by
5 special order;6 (2) commercial cleaning or laundering of textiles for a buyer who is
7 engaged in a business that requires the recurring service of commercial cleaning or
8 laundering of the textiles;

9 (3) cleaning of a commercial or industrial building;

10 (4) cellular telephone or other mobile telecommunications service;

11 (5) "900", "976", "915", and other "900"-type telecommunications service;

12 (6) custom calling service provided in connection with basic telephone
13 service;

14 (7) a telephone answering service OR TELEPHONE PAGING SERVICE;

15 (8) pay per view television service;

16 (9) credit reporting;

17 (10) a security service, including:

18 (i) a detective, guard, or armored car service; and

19 (ii) a security systems service;

20 (11) a transportation service for transmission, distribution, or delivery of
21 electricity or natural gas, if the sale or use of the electricity or natural gas is subject
22 to the sales and use tax; [or]

23 (12) a prepaid telephone calling arrangement;

24 (13) MOTOR VEHICLE AUDIO EQUIPMENT INSTALLATION AND MOTOR
25 VEHICLE AUDIO EQUIPMENT REPAIR;26 (14) A BOAT OR PERSONAL AIRCRAFT MAINTENANCE OR REPAIR
27 SERVICE, INCLUDING:28 (I) A BOAT OR PERSONAL AIRCRAFT MAINTENANCE OR REPAIR
29 SERVICE CONTRACT OR EXTENDED WARRANTY CONTRACT;

- 1 (II) BOAT OR PERSONAL AIRCRAFT WASHING, WAXING,
2 RUSTPROOFING, PAINTING, OR OTHER EXTERIOR MAINTENANCE AND
3 CUSTOMIZATION SERVICES; AND
- 4 (III) BOAT DOCKING, LANDING, OR TOWING SERVICES;
- 5 (15) MARINA SERVICES;
- 6 (16) PERSONAL AIRCRAFT HANGAR OR PARKING FEES;
- 7 (17) SELF-STORAGE SERVICES;
- 8 (18) HOME MOVING SERVICES;
- 9 (19) THE FOLLOWING HEALTH, GROOMING, BOARDING, OR TRAINING
10 SERVICES PROVIDED TO AN ANIMAL:
- 11 (I) HORSE BOARDING AND TRAINING SERVICES;
- 12 (II) KENNEL SERVICES; AND
- 13 (III) PET WALKING SERVICES;
- 14 (20) THE FOLLOWING PERSONAL SERVICES:
- 15 (I) TANNING SERVICES;
- 16 (II) MASSAGE SERVICES THAT ARE NOT PRESCRIBED BY A
17 LICENSED MEDICAL PRACTITIONER;
- 18 (III) PHYSICAL FITNESS TRAINING SERVICES;
- 19 (IV) A SAUNA OR STEAM BATH FACILITY MEMBERSHIP OR SERVICE;
- 20 (V) BODY TATTOO AND PIERCING SERVICES;
- 21 (VI) DATING OR ESCORT SERVICES;
- 22 (VII) BODYGUARD SERVICES; AND
- 23 (VIII) PERSONAL SHOPPER SERVICES;
- 24 (21) THE FOLLOWING HOME CLEANING, MAINTENANCE, AND REPAIR
25 SERVICES:
- 26 (I) HOME CLEANING SERVICES;
- 27 (II) CARPET CLEANING SERVICES;
- 28 (III) UPHOLSTERY AND FURNITURE CLEANING SERVICES;
- 29 (IV) WINDOW CLEANING SERVICES;

- 1 (V) FLOOR CLEANING SERVICES;
- 2 (VI) SWIMMING POOL OR HOT TUB CLEANING, MAINTENANCE, AND
3 REPAIR SERVICES;
- 4 (VII) INTERIOR DECORATING AND DESIGN SERVICES; AND
- 5 (VIII) CLOSET AND STORAGE DESIGN SERVICES;
- 6 (22) LAWN AND GROUNDS CARE AND LANDSCAPING SERVICES;
- 7 (23) JEWELRY REPAIR AND CLEANING;
- 8 (24) CUSTOM JEWELRY DESIGN AND FABRICATION;
- 9 (25) FUR AND CLOTHING STORAGE SERVICES;
- 10 (26) GIFT WRAPPING;
- 11 (27) ART CONSERVATION AND RESTORATION;
- 12 (28) ART OR ANTIQUE BROKERAGE;
- 13 (29) COMMISSIONS ON AUCTION PURCHASES AND SALES;
- 14 (30) THE FOLLOWING ENTERTAINMENT ACTIVITIES:
- 15 (I) GOLF COURSE MEMBERSHIP AND FEES;
- 16 (II) ARCADES AND VIDEO GAMES;
- 17 (III) BOWLING ALLEYS;
- 18 (IV) MINIATURE GOLF;
- 19 (V) THEATER PERFORMANCES; AND
- 20 (VI) SIGHTSEEING TOURS.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 July 1, 2004.